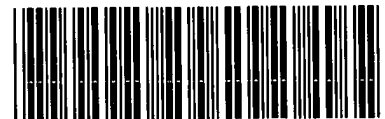


SMITHS DETECTION INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

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SMITHS DETECTION INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	A. C. McInnes L. P. King
Registered number	05146644
Registered office	C/O Smiths Detection-Watford Limited Century House Maylands Avenue Hemel Hempstead Hertfordshire HP2 7DE
Independent auditors	PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, Watford, WD17 1DU

SMITHS DETECTION INVESTMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

Introduction

The Directors present their strategic report and the audited financial statements for Smiths Detection Investments Limited ("the Company") for the year ended 31 July 2019.

Business review

The Company's principal activity in the year is that of an investment holding company. There has been no significant change in this activity during the year.

The Company invests in venture capital funds providing funding to companies in the detection industry. These investments are funded by borrowings from other group undertakings. At 31 July 2019 the Company had fixed asset investments of £6,574k (2018: £4,260k) and net current liabilities of £6,358k (2018: £6,161k).

The Company's loss for the financial year is £157k (2018: loss of £107k). £90k (2018: £86k) income was received from its investments.

The Directors do not recommend the payment of a dividend (2018: £nil).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of Smiths Group plc and are not managed separately. Accordingly, the principal risks and uncertainties of Smiths Group plc ("the Group"), which include those of the Company, are discussed in the Group's Annual Report which do not form part of this report.

Going concern

The Company's loss for the financial year is £157k (2018: loss £107k) and at 31 July 2019 the Company held net liabilities of £484k (2018: £2,214k) and net current liabilities of £6,358k (2018: £6,161k). Despite the net current liabilities and the later impact of coronavirus COVID-19, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company, Smiths Detection Group Limited.

Financial key performance indicators

The Directors of Smiths Group plc manage the Group's operations on a consolidated basis using divisional KPIs. For this reason, the Company's Directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of Smiths Detection Investments Limited. The development, performance and position of the Detection division of Smiths Group plc, which includes the Company, is discussed in the Business review section of the Group's Annual Report, which does not form part of this report.

This report was approved by the board and signed on its behalf.



.....
A. C. McInnes
Director

Date: 8 April 2020

SMITHS DETECTION INVESTMENTS LIMITED

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SMITHS DETECTION INVESTMENTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2019**

The directors present their report and the financial statements for the year ended 31 July 2019.

The financial statements have been prepared under FRS 101, Reduced Disclosure Framework.

The Company's loss for the financial year is £157k (2018: loss of £107k).

No dividends were paid in the year ended 31 July 2019 (2018: £nil). The directors do not recommend the payment of a final dividend (2018: £nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

A. C. McInnes
L. P. King

The parent company maintained throughout the financial year Directors' liability insurance in respect of Smiths Detection Investments Limited and its Directors.

Financial risk management

The Company complies with the Smiths Group plc financial risk management policies. Financial risks are managed on a Group basis. See the financial instruments note in the annual report and financial statements of Smiths Group plc for details of how the Group manages foreign exchange rate risks, interest rate risks, credit risks and liquidity risks.

Future developments

It is not envisaged that the Company will initiate any plans to restructure its principal activity in the forthcoming year. The current level of performance is expected to be maintained.

Going Concern

The Company's loss for the financial year is £157k (2018: loss £107k) and at 31 July 2019 the Company held net liabilities of £484k (2018: £2,214k) and net current liabilities of £6,358k (2018: £6,161k). Despite the net current liabilities and the later impact of coronavirus COVID-19, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company, Smiths Detection Group Limited.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

SMITHS DETECTION INVESTMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

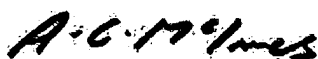
Post balance sheet events

The outbreak of the coronavirus (COVID-19) will likely have an impact on the investments of Smiths Detection Investments Limited. However given that the global spread of the virus occurred during the first quarter of 2020, this event has been classified as a non-adjusting event for accounting purposes. There is currently uncertainty as to the scope and timescale of the coronavirus impact; as a result, there may be an adverse impact on the fair value of the investments, however this cannot be reliably or accurately quantified at this time

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, Watford, WD17 1DU, will be replaced by KPMG for auditing next year's financial statements.

This report was approved by the board and signed on its behalf.



.....
A. C. McInnes
Director

Date: 8 April 2020

SMITHS DETECTION INVESTMENTS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JULY 2019**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Smiths Detection Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Smiths Detection Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 July 2019; the Income Statement, the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Robert Girdlestone (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
8 April 2020

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SMITHS DETECTION INVESTMENTS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2019**

	Note	2019 £000	2018 £000
Administrative expenses		(85)	(59)
Investment income		90	86
Operating profit	4	5	27
Interest payable and similar expenses	5	(162)	(145)
Loss before tax		(157)	(118)
Tax on loss	6	-	11
Loss for the financial year		(157)	(107)

The notes on pages 11 to 17 form part of these financial statements.

SMITHS DETECTION INVESTMENTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019**

	Note	2019 £000	2018 £000
Loss for the financial year		(157)	(107)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Fair value gain on valuation of investments (2018: available for sale financial assets)	7	2,274	713
Deferred tax relating to components of other comprehensive income	10	(387)	(121)
Total comprehensive income/(expense) for the year		1,730	485

SMITHS DETECTION INVESTMENTS LIMITED
REGISTERED NUMBER: 05146644

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments at fair value through other comprehensive income (2018: available for sale financial assets)	7	6,574	4,260
		<u>6,574</u>	<u>4,260</u>
Creditors: amounts falling due within one year	8	(6,358)	(6,161)
Net current liabilities		<u>(6,358)</u>	<u>(6,161)</u>
Total assets less current liabilities		<u>216</u>	<u>(1,901)</u>
Non-current liabilities			
Deferred taxation	10	(700)	(313)
		<u>(700)</u>	<u>(313)</u>
Net liabilities		<u>(484)</u>	<u>(2,214)</u>
Capital and reserves			
Called up share capital	11	-	-
Other reserves		4,117	1,843
Profit and loss account		(4,601)	(4,057)
Total Equity		<u>(484)</u>	<u>(2,214)</u>

The financial statements on pages 7 to 17 were approved and authorised for issue by the board and were signed on its behalf by:

A.C. McInnes

.....
A. C. McInnes
 Director

Date: 8 April 2020

The notes on pages 11 to 17 form part of these financial statements.

SMITHS DETECTION INVESTMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 August 2017	-	1,130	(3,829)	(2,699)
Loss for the financial year	-	-	(107)	(107)
Deferred tax relating to components of other comprehensive income	-	-	(121)	(121)
Fair value gain on available for sale financial assets	-	713	-	713
Total transactions with owners	-	713	-	713
At 1 August 2018	-	1,843	(4,057)	(2,214)
Loss for the financial year	-	-	(157)	(157)
Deferred tax relating to components of other comprehensive income	-	-	(387)	(387)
Fair value gain on investments	-	2,274	-	2,274
At 31 July 2019	-	4,117	(4,601)	(484)

SMITHS DETECTION INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in the UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

These financial statements have been prepared on a going concern basis and under the historical cost convention modified to include revaluation of certain financial instruments.

2.3 Going concern

The Company's loss for the financial year is £157k (2018: loss £107k) and at 31 July 2019 the Company held net liabilities of £484k (2018: £2,214k) and net current liabilities of £6,358k (2018: £6,161k). Despite the net current liabilities and the later impact of coronavirus COVID-19, the directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company, Smiths Detection Group Limited.

2.4 Foreign currencies

Exchange differences arising on transactions are recognised in the income statement. Those arising on trading are taken to operating profit; those arising on borrowings are classified as finance income or cost.

SMITHS DETECTION INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

2. Accounting policies (continued)

2.5 Current and deferred taxation

The charge for taxation is based on profits for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Tax benefits are not recognised unless it is likely that the tax positions are sustainable. Once considered to be likely, tax benefits are reviewed to assess whether a provision should be made based on prevailing circumstances. Tax provisions are included in current tax liabilities, including any anticipated interest & penalties. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is provided in full using the balance sheet liability method. A deferred tax asset is recognised where it is probable that future taxable income will be sufficient to utilise the available relief. Tax is charged or credited to the Income Statement except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

Deferred tax liabilities and assets are not discounted.

2.6 Financial instruments

This note explains the impact of the adoption of IFRS 9 Financial Instruments on the Company's financial statements and also discloses the new accounting policies that have been applied from 1 August 2018, where they are different to those applied in prior periods.

Financial assets at fair value through Other Comprehensive Income

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value (2018: fair value). All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, including transaction costs. All fair value movements are recorded in Other Comprehensive Income and gains and losses are not recycled to the Income Statement on disposal. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of an investment, in which case they directly reduce the carrying amount of the investment. There was no impact from the adoption of IFRS 9 as financial assets were measured at fair value in 2018.

Classification

Under IFRS 9, there are three classification categories for financial assets: measured at amortised cost, at fair value through profit or loss, and at fair value through other comprehensive income. IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The main effect resulting from this reclassification relates to the Company's equity investments which under IAS 39 were classified as available for sale in prior year whilst under IFRS 9 are now classified as Fair Value through Other Comprehensive Income.

SMITHS DETECTION INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Financial liabilities at amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

3. Significant judgements, key assumptions and estimates

The preparation of the accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of turnover and expenses during the reporting period. Actual results may differ from these estimates. The key estimates and assumptions used in these financial statements are set out below.

Fair value of investments

The fair value of the investments is a key judgement given it is unlisted and therefore estimated. The estimate is based on the most recently available valuation information provided by the funds, which is in turn based upon expectations of future dividends and cash flows.

4. Operating profit

The operating profit (2018: profit) is stated after charging partnership and management fees of £85k (2018: £59k).

The audit fee in respect of this company has been borne by Smiths Detection Group Limited for £7k (2018: £7k). Auditors' remuneration for non-audit services was £nil (2018: £nil).

None of the Directors of the Company received any remuneration in respect of their services as Directors of the company (2018: £nil).

The Company has no active employees. Employees of other Smiths Group companies perform all administration of the Company's affairs. No charge for these services has been levied upon the Company in the current or previous year.

5. Interest payable and similar expenses

	2019	2018
	£000	£000
Interest payable on loans from Group undertakings	162	145
	162	145

SMITHS DETECTION INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

6. Tax on loss

	2019 £000	2018 £000
Corporation tax		
Adjustments in respect of previous periods	-	(11)
	-	(11)
Total current tax	-	(11)
Deferred tax		
Total deferred tax	-	-
Taxation on loss	-	(11)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	(157)	(118)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(30)	(23)
Effects of:		
Adjustments to tax charge in respect of prior periods	-	(11)
Group relief	30	23
Total tax (credit)/charge for the year	-	(11)

SMITHS DETECTION INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

7. Investments

	Unlisted investments £000
Fair Value through Other Comprehensive Income (FVOCI)	
At 1 August 2018	4,260
Additions	40
Revaluations	2,274
At 31 July 2019	<u>6,574</u>
 Net book value	
At 31 July 2019	<u><u>6,574</u></u>
 <i>At 31 July 2018</i>	<u><u>4,260</u></u>

The Company holds interests in Paladin Homeland Security LP and Paladin III LP. These investments are treated as fair value through Other Comprehensive Income (2018: available for sale) and classified as fixed asset investments. The objective of the Funds is to generate superior long-term capital appreciation, typically through privately negotiated equity and equity related transactions in private, and in certain cases, public companies. The transactions are targeted for enterprises whose principal business centres on products and services that address homeland security issues and needs.

For the Paladin Homeland Security LP fund, at the fund's inception, there was uncertainty over the future returns which would be earned. As such, the Directors decided that the most appropriate fair value for investments in this fund would be £nil and all subsequent calls are appropriately written off. In 2019 the fund commenced work to dissolve the business and affairs of the fund. The Company received a final distribution of £8,797 in September 2019. At 31 July 2019 the investment in the fund was held at £nil and the fund was dissolved on 31 December 2019.

Paladin III LP is valued by the Directors using the unaudited management accounts prepared by the fund. The directors believe that the funds valuation is reasonable based upon historic dividend levels. Capital contributions made as a limited partner in Paladin III LP during the year were £40k (2018: £98k), with £nil disposal (2018: £1,337k) and a revaluation of £2,274k (2018: £713k) which increased the total value of investment in the fund to £6.6m. Following the close of the financial year, the company received a further unaudited quarterly fund statement stating its investment as at 30 September 2019 had increased to £8.0m (\$9.8m).

The Company expects to achieve positive returns on its investment in the Paladin III LP portfolio, particularly with the benefit of experience gained from investing in the Paladin Homeland Security LP fund. The Paladin III LP portfolio is measured and carried at fair value, and in accordance with IFRS 9 (2018: IAS 39).

SMITHS DETECTION INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

8. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	6,358	6,161
	<u>6,358</u>	<u>6,161</u>

Loans owing to group undertakings, falling due within one year, carry interest at 12 month LIBOR + 1.5% per annum.

9. Financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)	<u>6,574</u>	<u>4,260</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(6,358)</u>	<u>(6,161)</u>

10. Deferred taxation

	2019 £000	2018 £000
At 1 August	(313)	(192)
Charged to other comprehensive income	(387)	(121)
At 31 July	<u>(700)</u>	<u>(313)</u>

SMITHS DETECTION INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

10. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2019	2018
	£000	£000
Fair value gains and losses on FVOCI (2018: available for sale) financial assets	(700)	(313)
	<u>(700)</u>	<u>(313)</u>

11. Called up share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
2 (2018 - 2) Ordinary shares of £1.00 each	<u>-</u>	<u>-</u>

The issued share capital of the Company at 31 July 2019 is £2 (2018: £2).

12. Post balance sheet events

The outbreak of the coronavirus (COVID-19) will likely have an impact on the investments of Smiths Detection Investments Limited. However given that the global spread of the virus occurred during the first quarter of 2020, this event has been classified as a non-adjusting event for accounting purposes. There is currently uncertainty as to the scope and timescale of the coronavirus impact; as a result, there may be an adverse impact on the fair value of the investments, however this cannot be reliably or accurately quantified at this time.

After the reporting date of 31 July 2019 there were no other events of special significance which may have a material effect on the financial position of the company.

13. Controlling party

For the year ended 31 July 2019, Smiths Detection Investments Limited was a wholly owned subsidiary of Smiths Detection Group Limited.

The ultimate parent undertaking and controlling party is Smiths Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Smiths Group plc is incorporated in the United Kingdom and registered in England and Wales.

The Annual Report and financial statements of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, 11 12 St James's Square, London, SW1Y 4LB.